

## What is the role of consulting in logistics?

**Remyha Y.S.**

Candidate of Economical Sciences, Associate Professor,  
National Aviation University, Kyiv

**Тырпак М.О.**

Master's Student,  
National Aviation University, Kyiv

This article provides meaning of logistics consulting, its role in supply chain. All of the researches are based on Ukrainian market of logistics. There is information about importance and role of logistics consulting and considered the process of regulating the logistics systems. Go through the beneficial for customers according to the Logistics consulting, advantages and disadvantages that can appear in the intercorporate system of training logistics personnel.

**Keywords:** Logistics, Logistics Consulting, Implementation, Management, Business-processes, Consulting, Processes, Principles, Economics, Strategic purpose, Optimization, Efficiency.

Ремига Ю.С., Тирпак М.О. ЯКА РОЛЬ КОНСАЛТИНГУ В ЛОГІСТИЦІ?

У цій статті викладено значення логістичного консалтингу, його роль у ланцюгу поставок. Всі дослідження базуються на українському ринку логістики. Представлена інформація про важливість та роль логістичного консалтингу та розглянуто процес регулювання логістичних систем. Визначена користь для клієнтів відповідно до логістичного консалтингу, переваги та недоліки, які можуть виникнути в між корпоративній системі навчання персоналу логістики.

**Ключові слова:** логістика, логістичний консалтинг, впровадження, управління, бізнес-процеси, консалтинг, процеси, принципи, економіка, стратегічне призначення, оптимізація, ефективність.

Ремыга Ю.С., Тирпак М.О. КАКОВА РОЛЬ КОНСАЛТИНГА В ЛОГИСТИКЕ?

В этой статье представлено значение логистического консалтинга, его роль в цепи поставок. Все исследования базируются на украинском рынке логистики. Представленная информация о важности и роль логистического консалтинга и рассмотрен процесс регулирования логистических систем. Определенная польза для клиентов в соответствии с логистического консалтинга, преимущества и недостатки, которые могут возникнуть в корпоративной системе обучения персонала логистики.

**Ключевые слова:** логистика, логистический консалтинг, внедрение, управление, бизнес-процессы, консалтинг, процессы, принципы, экономика, стратегическое назначение, оптимизация, эффективность.

**Introduction.** It's a hard process to find competitive consulting company in logistics sphere. This problem exist because of lack education and visualization what logistics consulting companies should provide. The success of logistics activities will be ensured only when the management of the company will clearly see the logistics in its strategic purpose. Simply put, logistics is easy to integrate into the activities of an enterprise when its efforts are aimed at satisfying the needs of customers, i.e. to support the very essence of business, to achieve competitive advantages, both in the short and long term. If it is even easier to express – when, due to the introduction of logistics technologies, the company strengthens its position in the market, while the profitability of the business is significantly increased. The approach to logistics is, first of all, not in reducing the cost part at any cost in terms of "department", but in increas-

ing the profitability of the enterprise as a single organism.

**Analysis of the latest research and publications.** There are a lot of questions about logistics consulting. Problems related to the development of management business support and logistics consulting of this sphere studied such famous experts as: V. Shmal, O. Mishina, S. Chernishev. Some basis of logistics consulting were made and considered in that works, which can be used for making new ingestions, research.

**Research task.** The purpose of this article is detailed characterization and consider of logistics consulting through the facts what the companies are facing at the present stage.

**Presentation of main material.** Nowadays, there are a lot of different ways how to support and to make your logistics business more profitable. If you don't have some tools for this you can take consulting services [4].

Logistics consulting helps in:

- in increasing the accuracy of planning the need for commodity-material values,
- in the reduction of costs on commodity-material values with ensuring the required level of quality,
- in raising the level of logistics service to an economically feasible maximum,
- in accelerating the production of finished products,
- in raising the level of relevance and timeliness of awareness,
- in increasing the level of customer satisfaction, which will necessarily affect the improvement of the company's financial result as a whole.

Logistics consulting covers the company's processes from the formation of demand for raw materials and materials to the delivery of finished products to consumers, i.e. logistics consulting covers all the processes of the company to create value for which consumers are willing to pay. Schematically, the process can be represented as the following cycle – see Fig. 1.

The main objective of logistics consulting is to ensure sustainable development (increase in profitability, shareholder value) of the company.

Sub-objectives of logistics consulting are [3]:

- achieving the optimal level of logistics costs in general or in a specific area,
- increase logistics performance at the current resource level,

- increasing the level of logistics services for domestic customers and creating a decisive competitive advantage for the company's consumers.

Consider logistics consulting through the facts what the companies are facing at the present stage, and, first of all, proceeding from the fact that:

- the labor market suffers from a huge shortage of qualified specialists in the field of logistics, caused primarily by the fact that the activity is new and in the vast majority of the level of training of specialists does not meet modern business requirements;
- logistics technologies are developing so rapidly, and the business environment is constantly changing so quickly that many are not keeping up with the changes, these changes create problems in customer service, and most people are afraid of changes and are not ready to solve new problems;
- logistics, as the most important tool of competitive advantage, is purely individual for each enterprise, therefore logistic managers often lack experience, they just need a fresh view from outside;
- in many companies, management does not fully understand the role and place of logistics in the activities of the enterprise, and if it understands, it does not always have the desire to switch to logistical approaches in the enter-

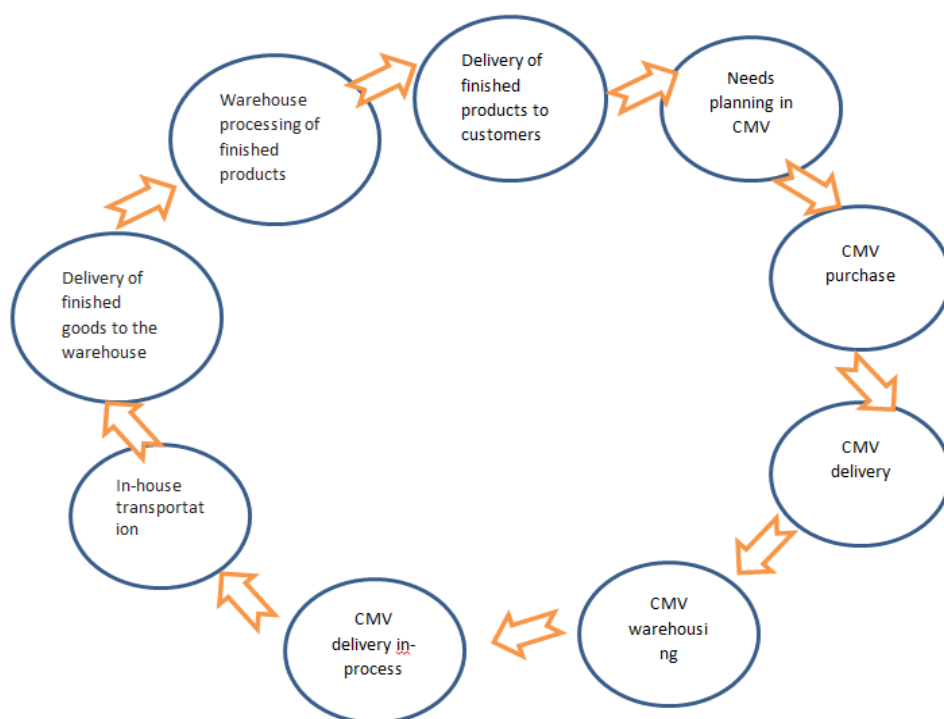


Figure 1. Logistics processes that can be covered by logistics consulting

prise's activities, because this implies great changes and complex design work.

The success of logistics activities will be ensured only when the management of the company will clearly see the logistics in its strategic purpose. Simply put, logistics is easy to integrate into the activities of an enterprise when its efforts are aimed at satisfying the needs of customers, i.e. to support the very essence of business, to achieve competitive advantages, both in the short and long term. If it is even easier to express – when, due to the introduction of logistics technologies, the company strengthens its position in the market, while the profitability of the business is significantly increased. The approach to logistics is, first of all, not in reducing the cost part at any cost in terms of "department", but in increasing the profitability of the enterprise as a single organism.

The term "consulting" is most often treated as a process in which a single consultant or firm helps a client achieve a certain (desired) result. A consultant is a specialist with deep knowledge in a certain field, capable of helping the client achieve the desired results. A client for a consultant can be a legal entity or an individual who needs consultations to achieve a result. As for logistics consulting, as a rule, it can solve the following tasks in a generalized form for the enterprise:

- identification of problems in logistics activities;
- development and implementation of necessary changes;
- training of the company's logistics staff.

For specialists – achievement of results in professional growth.

Let's consider what process consulting means.

Process consulting means the enterprise for the implementation of logistics projects a project team is created with the involvement of a consultant [7].

There are the advantages of process consulting [2]:

- all activities are associated with business processes and take into account the individual characteristics of the enterprise;
- the chances of reaching the final results can be higher than in expert consulting, because decisions are taken jointly, accordingly responsibility for the implementation of decisions rests with the project team, i.e. significantly reduces the resistance of personnel at the stage of implementation of decisions; problems, specialists who perform certain operations on a daily

basis will describe the existing processes "as is" quite accurately, the better the decisions on changes are made, the more effective and productive will be the process of implementing project solutions;

- the implementation of the project plan is monitored in the current mode according to the established indicators;

- in the positive result of the project, both the client and the consultant are interested, and with the correct motivation the project team members from the enterprise, i.e. it is easier to find a compromise among the stakeholders in the project;

- at the output of the project, the client receives: a) personnel able to independently identify problems and make correct decisions; b) a significant increase in the profitability of the enterprise;

- there are powerful bases for teamwork not only among project participants, but also with managers of related services, the importance of which is due to the fact that "omniscient craftsmen" in nature simply do not exist, including among consultants;

- risks are minimized to a minimum, In case of unforeseen problems, the project can be suspended at any stage;

- the client can independently set and change priorities during the project;

- stages of design work are always completed;

- throughout the project, you can easily respond to the changing environment of business, competitors, the emergence of new technologies – i.e. what was in the project relevant yesterday, today can be ruled out as useless.

- mistakes made earlier are easily corrected, because of inaccuracy of the initial information;

- all materials of the project are documented; an enterprise accumulates a certain amount of knowledge regardless of working specialists, etc.

It may be beneficial for the client, first, that he can conclude a long-term agreement with the consultant and involve him as necessary, which is often much cheaper, more efficient and more productive than paying for the work of expensive managers whose interests in many positions may not coincide with the interests of the entrepreneur. The consultant, first of all, is interested in long-term cooperation and, something to hide from the client is not in the interests of the consultant himself. Secondly, the turnover of staff in logistics management leads the company to long chaos in logistics activities and large losses caused by the constant search for logistics

managers. We have already spoken about the reason – the obvious shortage of highly skilled logistics managers in the labor market.

In process consulting, unlike an expert consultant, not only offers solutions for business processes, but more closely accompanies the project, including trains not only the project team, but key personnel, on which the results of the project can largely depend. It is important not to teach how to live, but to show how others do it, how you can do better than others, and the choice should be for the client. Still, he is a business owner and it says a lot.

For making all of the processes correctly company should have high specialists and keep tabs on their education and competence.

If we talk about training managers and mid-level professionals, at the moment we can talk about training seminars and advanced training courses. The need to train this category is conditioned not only by the rapid development of logistics in Ukraine, but also by the fact that many logistics directors that have taken place often change their professional orientation, primarily because many of them become directors of enterprises, commercial or executive directors, and consultants. It's no secret that here the main factor is the "price of the issue", the salary level of the sales director and the salary level of the logistics director is significantly different.

The vast majority of companies do not have a strong system for training logistics managers. The system of training of only trading teams is the most perfect.

Consider the pros and cons of some training processes that can be applied at enterprises:

- training by own managers and coaches;
- involvement of trainers for corporate seminars;
- payment of individual training to leading specialists.

It is almost impossible to make interested this category by self-education. Those who are self-educated do not need outside assistance "to sit at a desk". They do it consciously and at any age. And such people, as a rule, do not sit out on intermediate steps of management and are not afraid of any attestations. We will talk about those managers who, like diligent specialists, were nominated for leadership positions, others do not exist for various reasons.

Organization of training with own resources requires:

- the availability of time for those managers who have sufficient knowledge in the field of logistics;

- the very availability of managers competent in logistics technologies;

- availability of a full-time trainer (trainers) capable of covering all logistic service personnel, including numerous branches;

- availability of a staff unit in the Human Resources Department, which would fully coordinate the entire system of personnel training in the logistics department and others, depending on the features of the logistics service.

What disadvantages can appear in the inter-corporate system of training logistics personnel? For example:

- limited knowledge base;
- an erroneous internal understanding of logistics (there is no fresh view from outside);
- not a full understanding of "what" and "how" to teach (usually reduces to resolving some negative situations occurring at the enterprise, at best unwinding the glomerulus);
- in most cases, training grows into the analysis of "flights", they say that it should be, but do not teach: why, how, when and who will do;
- the separation of training from practical activities with rare attempts to visualize the problem, without real proposals, etc.

Attraction of trainers from outside can [5]:

- a) limit the standards of university approaches;
- b) do not take into account the individual features of the logistics system of the enterprise.

These shortcomings are easily eliminated by means of elementary communications of the enterprise management with the trainer. The most reliable option is to conclude a long-term contract with the trainer, make a program for a year and maintain regular communications with the aim of timely adjusting the curriculum. The results of such training are very impressive. The cost of corporate seminars, as a rule, has a constant rate, which usually does not depend on the number of listeners. The coach arrives at the enterprise at the agreed time. Seminars can be either one-day or multi-day. If the trainer (consultant) lives in the same city where the enterprise is located, then evening courses can be organized. When conducting a seminar in any other city, there may be surcharges for transportation costs and accommodation of one person – a coach. In terms of price-quality, this option is most suitable for companies. As a rule, companies enter into long-term contracts with logistics consultants; they also conduct training seminars, while there are discounts for training in advisory activities up to 40%.

Payments by the enterprise of individual training of specialists at open seminars – these are

practiced in companies – leaders in the market, which train the staff "ahead of the curve". The money invested by the enterprise in an expensive open seminar pays off by further spreading the acquired knowledge within the company.

Often, companies directing their managers to open seminars, pursue the following goals: assess the level of competing competitors and conduct selection work. Similarly, companies pursuing leaders can act. Students who come to study at their own expense, along with obtaining knowledge, have the opportunity to "show themselves" and get a tempting offer. This concludes the generalized discussion of the main pros and cons of process and training logistics consulting.

Forms and methods of training depend on the individual characteristics of the enterprise and the level of competence of personnel, but the sequence of training was never violated [6]:

1. Basics of logistics.
2. Basics of logistics management.
3. Administration of logistics systems.
4. Warehousing and cargo handling in logistics systems.
5. Logistics in the distribution (here, transport logistics).
6. Management of costs and efficacy of drugs.

Let's consider management of changes in logistics systems as the system of workflow, motivation and training in the logistics service.

If management is able to respond in a timely manner to changes, identify problems, independently make quality decisions, implement them accurately and on time, then it is not needed. If the enterprise is inefficient and unproductive for a long period, and you have the conviction that with your management you will have what you have, then consulting is needed immediately (Fig. 2).

**Conclusions.** Thus, the main tasks for logistics are controlled with coordinating and managing all 8 links in the chain [1]. It can be noted that some of these processes are directly related not only to logistics, but also to marketing, production, management, distribution, accordingly, the logistic must not only interact with the company's units operating in these areas, but must also be able to analyze these processes and manage they are such a "universal soldier", but marketers also need to know and be able to work with logistics tools, because interaction is not possible without understanding the actions of all aspects of interaction and the possibility evaluation and management of the data by each of the parties to the interaction; therefore, it is possible

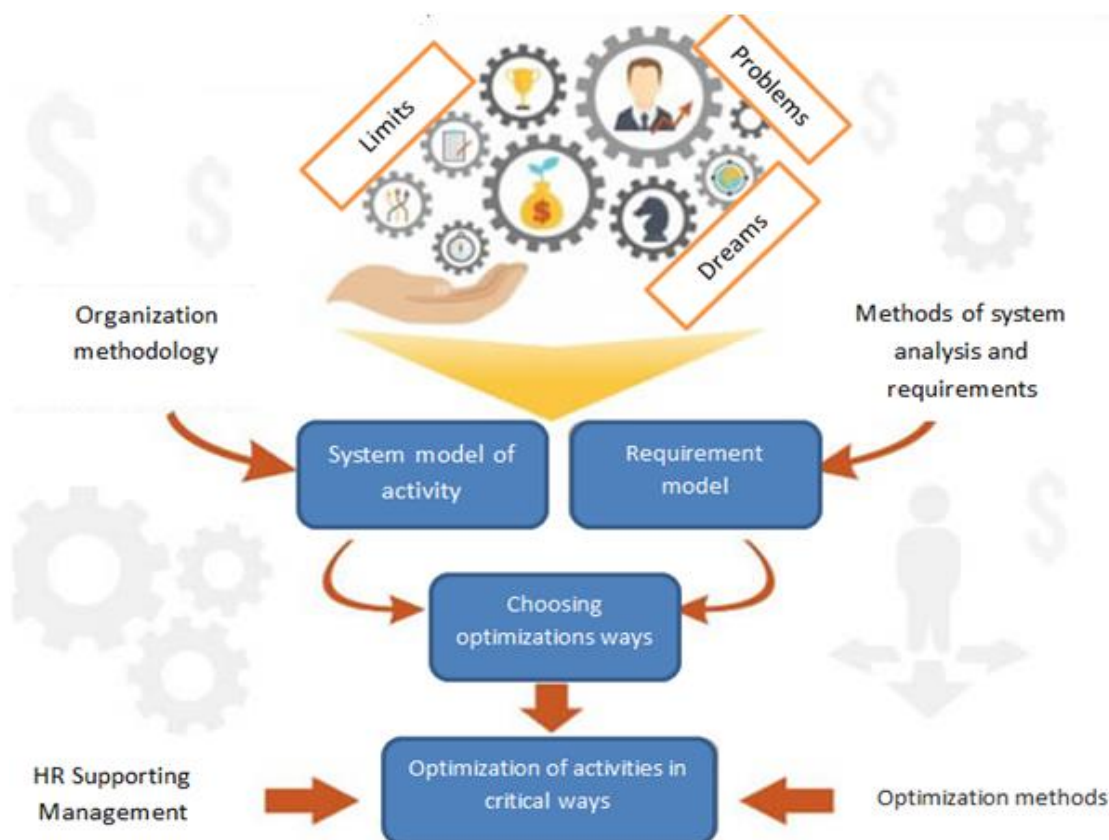


Figure 2. Methods of Logistics Consulting

to talk about some "universality" not only about the logisticians.

Almost one in the market of logistics consulting professes the principle of an integrated approach to optimizing or building a logistics system. The possibility of this allows the company that it is part of the International Consulting Group Advanter Group, which has an infrastructure that allows carrying out marketing research, calculating investment risks, building strategic business development plans, etc. by the best specialists in these industries [5].

Because of the availability of an effective infrastructure, it can allow you to manage all the processes of the supply chain, which in general is not very much what a company can afford.

And one of the most important aspects is that logistic consultants who work in the company are not just practitioners or theorists, but practices that have specialized education and experience in teaching logistics, backed up by experience in implementing large-scale logistics projects.

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